

Approved: April 7, 2000

Date



MINUTES OF THE HOUSE KANSAS 2000 SELECT COMMITTEE.

The meeting was called to order by Vice Chairperson Deena Horst at 1:30 p.m. on March 29, 2000 in Room 522-S of the Capitol.

All members were present except: Representative Clay Aurand - excused
Representative Tim Carmody - excused

Committee staff present: Alan Conroy, Legislative Research Department
Julian Efird, Legislative Research Department
Bob Nugent, Revisor of Statutes
Janet Mosser, Committee Secretary

Conferees appearing before the committee:
Dan Stanley, Secretary, Department of Administration
Dean Carlson, Secretary, Kansas Department of Transportation
Jamie Clover Adams, Secretary, Department of Agriculture
Charles Simmons, Secretary, Department of Corrections
Don Rezac, State Employees Association of Kansas

Others attending: See attached list.

Vice Chairperson Horst informed the committee that Chairperson Wilk will be joining the meeting shortly.

Vice Chairperson Horst opened the hearing on **SB 327 - State officers and employees; reduction in positions based on retirements.**

The fiscal note was distributed.

Dan Stanley, Secretary, Department of Administration, proponent, was recognized to address the committee (Attachment 1) (Attachment 2).

Dean Carlson, Secretary, Kansas Department of Transportation, proponent, was recognized to address the committee (Attachment 3).

Jamie Clover Adams, Secretary, Department of Agriculture, proponent, was recognized to address the committee (Attachment 4).

Charles Simmons, Secretary, Department of Corrections, proponent, was recognized to address the committee (Attachment 5).

Don Rezac, State Employees Association of Kansas, proponent, was recognized to address the committee (Attachment 6).

Questions and discussion followed testimony.

Chairperson Wilk closed the hearing on **SB 327**.

Chairperson Wilk returned the committee's attention to **SB 327**.

Representative Sloan moved to report the bill favorable for passage. The motion was seconded by Representative Campbell. Discussion followed. The Chair was in doubt of the vote. A show of hands indicated eight in favor and five against. The motion carried.

Chairperson Wilk informed the committee that, as a follow up to a retirement bill heard in committee earlier, he intends to ask staff to draft a letter to the Legislative Coordinating Council on behalf of the committee for an interim study on a severance package for state employees. There were no objections from the committee. Julian Efird, Legislative Research Department, was asked to draft the letter.

CONTINUATION SHEET

Chairperson Wilk announced that this is probably the last committee meeting. He thanked the members for their diligence both this and last year. The committee dealt with some tough issues and he appreciated their efforts and enjoyed working with them.

Chairperson Wilk adjourned the meeting at 1:58 p.m.

**Testimony by
Dan Stanley, Secretary
Department of Administration
before the
Kansas 2000 Select Committee
March 29, 2000**

Senate Bill 327 – Repealing Retirement Reduction

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today. Senate Bill 327 repeals K.S.A. 75-6801, which requires the elimination of at least 25% of the positions vacated by state employees who retire from the executive and legislative branches.

The purpose of this statute is to reduce agency FTE and related expenditures. All positions are subject to retirement reduction except for those providing direct care duties in specific agencies. Agencies may request that positions be restored; however the statute allows no more than 75% restoration. In other words, one out of every four retirements cannot be restored.

From Fiscal Year 1994 through Fiscal Year 1999, retirement reduction has eliminated 943.2 FTE. However, I would contrast these reductions with the Governor's mandate to reduce staff by 5%, privatization initiatives, program closures, and other managed efforts which have decreased the approved number of FTE positions by nearly 4,450 positions. And while retirement reduction has made an impact on the size of government, it is far less than prudent and thoughtful management.

Retirement reduction is a law that has outlived its usefulness and has become a burden to agencies. It results in agencies losing key positions rather than choosing positions to forfeit if FTE reductions are necessary. Retirement reduction lessens agencies' ability to effectively manage positions and decide what duties or activities are needed to maintain efficient programs. Continuing to use this method to further reduce FTE will, at some point, be counterproductive. The ongoing interruption of staffing hinders efficient agency operations. In short, it has become a "feel good" gimmick and a poor substitute for making the tough calls and sound management practices.

I have attached a Retirement Reduction Fact Sheet for your review. When looking at this Fact Sheet, it is easy to see the black and white numbers. \$20 million in savings and nearly 1,000 positions reduced. However, it is more difficult to understand the net impact to the management, or more accurately inability to manage, the human resource impact of retirement reduction. Page two of the Fact Sheet speaks to this issue:

- The majority of cuts to the work force have come through program closures and sound management practices, not retirement reduction.

- Retirement reduction is not consistent with the agency strategic planning process required by the Division of the Budget.
- Retirement reduction adversely effects hiring practices for reinstated positions in agencies. It provides a statutory incentive for age discrimination.
- Retirement reduction is not consistent across state agencies.
- Some agencies will see nearly 50% of their work force become retirement eligible in 2004.

The retirement reduction program is a way to control numbers, not a way to effectively manage work force growth.

Thank you for your time and attention. I will be pleased to stand for questions.

STATE OF KANSAS

Retirement Reduction

Fact Sheet

LEGISLATION (K.S.A. 75-6801): Passed by 1993 Legislature. Effective 7/1/94.

The purpose of the retirement reduction legislation was to:

- ◆ Reduce number of authorized FTE and related salary expenditures
- ◆ Produce budget savings to offset cost of 1993 omnibus retirement improvement package

RETIREMENT REDUCTION SAVINGS

- ◆ State General Fund - \$8 million savings through retirement reduction
- ◆ Other Funds - \$11 million savings through retirement reduction

IMPACT ON FTE

- ◆ State agencies were mandated to reduce authorized FTE positions by a total of 5% during FY96 and FY97
- ◆ Program closures and privatization accounted for a decrease of 4,446.2 FTE since 1994
- ◆ Retirement reduction program resulted in a decrease of 943.2 FTE since 1994
- ◆ The state added 2,366.7 new FTE since 1994 (more than twice the amount of retirement reductions during the same period)
- ◆ The net decrease in the number of state employees has been primarily due to the hospital closures, the privatization of some state programs, and the mandated 5% decrease during FY96 and FY97

NET FISCAL IMPACT

- ◆ The initial savings from retirement reductions has been canceled out by the addition of new FTE
- ◆ Costs to administer the Retirement Reduction Program have a negative impact on state agencies, the Division of Personnel Services and the Division of the Budget

Kansas 2000 Select Committee

Meeting Date 3-29-00

Attachment 2

STATE OF KANSAS Workforce FTE Trends

2-3

	FY94	FY95	FY96	FY97	FY98	FY99	FY2000	Total
Authorized FTE	42,997.40	43,588.90	44,060.50	42,716.50	41,950.10	41,583.20	39,902.60	
Change in Authorized FTE		591.50	471.60	(1,344.00)	(766.40)	(366.90)	(1,680.60)	(3,094.80)
2% & 3% mandated decreases			(854.33)	(1,258.50)				(2,112.83)
Program Closures	-	-	(1,271.00)	(619.60)	(585.20)	(1,970.40)		(4,446.20)
Retirement Reduction	(232.40)	(161.50)	(134.30)	(157.60)	(148.80)	(108.60)		(943.20)
Total FTE Lost	(232.40)	(161.50)	(1,405.30)	(777.20)	(734.00)	(2,079.00)		(5,389.40)
Total New FTE *		823.90	633.10	61.30	10.80	367.10	398.40	2,294.60

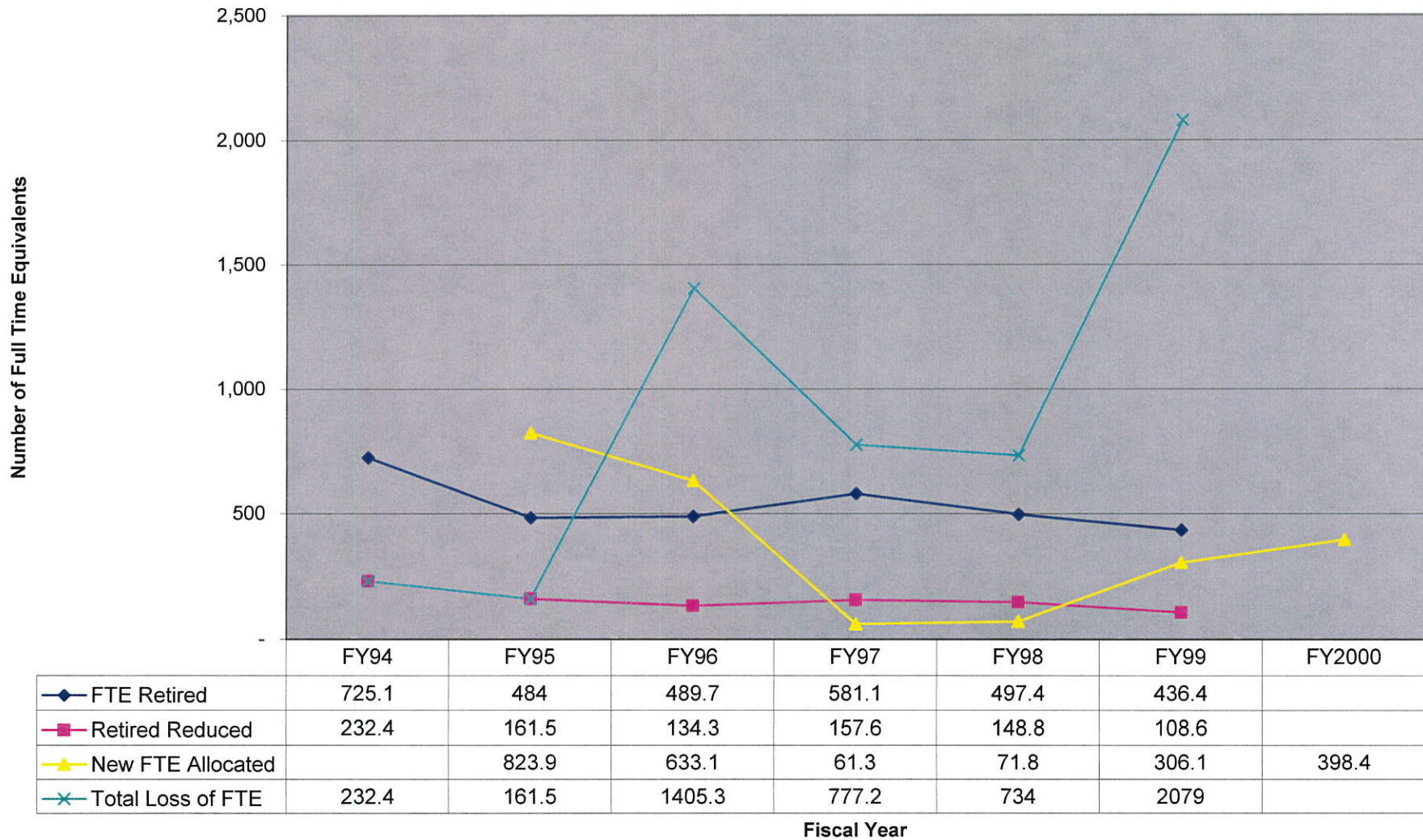
* The "Total New FTE" is the number of FTE that were added during each FY. This figure is derived from subtracting the total number of FTE lost due to program closures and retirement reductions from the net change in FTE. For Example: As of July 1, 1999 (FY2000), the state had a net loss of 1,680.6 FTE. The state lost 1,970.4 FTE due to program closures and 108.6 FTE to retirement reductions during FY99. Subtracting the "Total FTE Lost" (2,079.0) from the "Net Change in FTE" (1680.6) shows that 398.4 new FTE were added during FY99.

FTE Decreases Due to Program Closures and Privatization

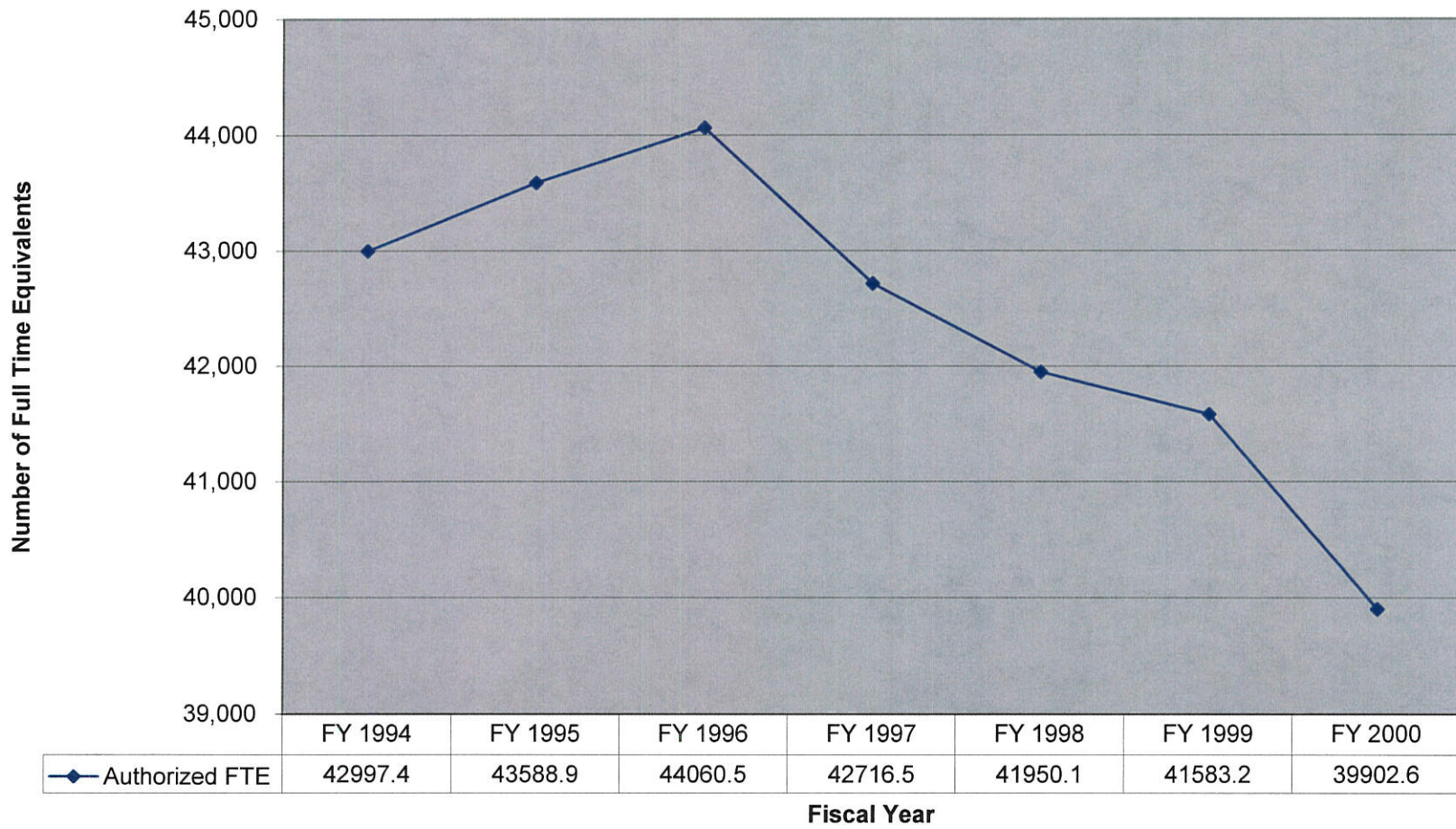
Corrections Food Service - Privatization			120.00					120.00
State Hospital Layoffs			335.00	619.60	432.00			1,386.60
SRS Long-Term Care - Privatization			816.00					816.00
KUMC Transfers					153.20	1,970.40		2,123.60
Total			1,271.00	619.60	585.20	1,970.40		2,555.60

STATE OF KANSAS Retirement Reduction Information FY 1994 to FY 2000

4-4



STATE OF KANSAS Authorized FTE FY 1994 to FY 2000





**KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION**

Docking State Office Building
915 SW Harrison Street, Rm.730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585

E. Dean Carlson
Secretary of Transportation

Bill Graves
Governor

**TESTIMONY BEFORE
KS 2000 SELECT COMMITTEE
REGARDING SENATE BILL 327
STATE EMPLOYEE RETIREMENT REDUCTION
MARCH 29, 2000**

Mr. Chairman and Committee Members:

I am Dean Carlson, Secretary of the Kansas Department of Transportation. I appreciate the opportunity to discuss the retirement reduction legislation enacted by the 1993 Kansas Legislature and subsequently amended by the 1994 Kansas Legislature and would encourage your consideration of the repeal of this reduction process as defined in K.S.A. 75-6801.

The legislation was enacted to establish a mechanism to stem an unchecked employment growth in state government. Although useful in the short term, continued application of this reduction process now places inequitable hardships on some agencies and with the exception of "direct care" exemptions, provides no latitude for consideration of individual agency program requirements. In addition, the procedures themselves cause additional position constraints due to the delays that occur before 75% of an agency's retirements are actually restored. These issues coupled with the fact that a 5% reduction for cabinet agencies was effected over a two-year period beginning in FY 1996 suggests that the 1993 legislation has served its purpose and cannot be continued without directly affecting either the delivery of some state services or the cost of delivering those same state services.

From a KDOT perspective, I am proud of our success in aggressively managing the agency's headcount. From FY 1971 to the end of FY 1999 over 1085 positions have been deleted as the direct result of organizational changes and increased efficiencies, in combination with early and persistent efforts to privatize those activities that can be done economically and well by the private sector. In the past two years, 12 offices were closed, but our ability to consider further consolidation without jeopardizing

Kansas 2000 Select Committee

Meeting Date 3-29-00

Attachment 3

public safety is extremely limited. Maintenance staffing has been based on the number of lane miles in each subarea. Because maintenance staffing has been reduced to minimum levels, it is currently necessary to combine subarea crews to perform many routine maintenance activities. When crews are combined for a particular maintenance activity, it then becomes difficult to respond to emergency situations such as debris on the roadway or a need for traffic control at an accident site. Frequently, this type of situation will require that the job with the combined crews must be shut down so personnel can be dispatched to the higher priority task.

KDOT has decreased and will continue to decrease in size more rapidly than most other state agencies as a result of retirement reduction requirements, because the Department of Transportation has a relatively long-tenured staff compared to other agencies. According to records obtained from the Division of the Budget, approximately six percent of KDOT's personnel retired over the past two fiscal years (FY 1998 and FY 1999). The percentage of staff retiring from the remainder of state government over the same two-year period was approximately two percent. KDOT is therefore experiencing three times the percentage reduction in personnel that the remainder of state government functions are realizing. A review of KDOT's future retirement possibilities reveals that 820 FTE or 31% of KDOT's workforce will be eligible for retirement by December 30, 2004 further exacerbating an already difficult situation.

In conclusion, continuation of the retirement reduction process will be devastating to the successful completion of the newly legislated Comprehensive Transportation Program. Careful consideration was given to the minimum staffing requirements needed to carry out the objectives of the new ten-year program which is not a great deal larger than the 1989 program on an annual basis but includes projects that are much more complex and more difficult to design and construct. It was determined that 136 additional positions would be needed for successful completion of the program. The 1999 Kansas Legislature provided for 108 positions. We are hopeful the remaining 28 positions will be authorized by the 2000 Kansas Legislature. However, if the retirement reduction process remains in place and past retirement trends continue, nearly all of those positions will be given up by the midway point of the Comprehensive Transportation Program. Such a situation does not seem rational or prudent for a new transportation program that is projected to have

\$642 million in average annual highway construction expenditures along with an approximate \$18 million annually in expenditures for other modes of transportation. This potential reduction is particularly disturbing in view of the strong support that was provided to the Comprehensive Transportation Program by the 1999 Kansas Legislature.

Again, I thank you for the opportunity to address this issue today and respectfully request your consideration of the complete repeal of K.S.A. 75-6801.

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

Kansas 2000 Select Committee

March 29, 2000

Testimony Regarding Senate Bill 327

Jamie Clover Adams, Secretary of Agriculture

Good afternoon Chairman Wilk and members of the Kansas 2000 Select Committee. I am Jamie Clover Adams, Secretary of the Kansas Department of Agriculture. I appear today in support of S.B. 327 which repeals the retirement restoration law. It is a law whose time has come and gone. Secretary Stanley has outlined the broad policy issues. I will focus on its impacts — both past and future — on the Kansas Department of Agriculture.

Past Impacts. As a result of this statutory requirement, KDA cut its workforce by 12 positions between FY 1994 and FY 1999. To date in FY 2000, seven employees have notified me that they intend to retire, bringing the total workforce reduction under K.S.A. 75-6801 for KDA to 14 — a 4.3 percent reduction since FY 1994. Further, you will recall that the FY 2001 budget reduces our workforce another seven positions, bringing the total reduction to 21 positions, or 6.4 percent. I firmly believe that KDA has been able to absorb these reductions and still meet the vision and mission of the agency — to have effective, efficient regulatory programs which, if challenged, will be proven credible, and to administer the laws and programs assigned to the Department for the benefit of the people of Kansas. The laws we administer fall into three categories — food safety, consumer protection and environmental protection.

Future Impacts. On the other hand, I am extremely concerned about the impact the law will have on KDA and our ability to meet the vision and mission of the agency in the future. While we cannot ask employees when they will retire, we have 58 individuals who are either eligible to retire, or have already retired, between FY 2000 and FY 2002. To date, seven of those individuals have retired or submitted retirement notice. KDA will not be able to absorb the loss of 12.5 more positions and still carry out our vision and mission.

Everything the agency does is tied to the laws given to KDA by the legislature. A list of those activities is attached for your review. You can see that much of what we do revolves around inspecting facilities. This cannot be done without people. Of the individuals who are eligible to retire, 25 are field staff, 11 are directly linked to the work of the field staff and 22 are indirectly linked to the work of field staff. There is a point of diminishing returns and we have reached it. For KDA, it is no longer a matter of reconfiguring to get the job done. We will not have the staff to meet the mission or to provide the level of customer service Kansans expect. Further, the law does not account for stakeholders who pay fees and expect service. Our agricultural commodity assurance program is an example. Fee paying agribusiness firms — feed, fertilizer, seed — expect that laboratory work will be done in a timely fashion, that fertilizer containment laws will be enforced to keep the playing field level and that bad actors will be dealt with. How can we meet these expectations without staff to carry out inspections, perform laboratory analysis and take legal action where warranted?

Thank you for the opportunity to comment. I will be happy to answer any questions asked by the Committee at the appropriate time.

KANSAS DEPARTMENT OF AGRICULTURE
(DUTIES ASSIGNED BY THE LEGISLATURE)

ACAP

1. The Kansas Commercial Fertilizer Law
K.S.A. 2-1201 et seq.
2. The Kansas Egg Law*
K.S.A. 2501 et seq.
3. The Kansas Commercial Feeding Stuffs Law
K.S.A. 2-1001 et seq.
4. The Kansas Agricultural Liming Materials Act
K.S.A. 2-2901 et seq.
5. The Kansas Soil Amendment Act
K.S.A. 2-2801 et seq.
6. The Kansas Seed Law
K.S.A. 2-1415 et seq.
7. The Kansas Livestock Remedies Law*
K.S.A. 47-501 et seq.

DAIRY

8. The Kansas Dairy Law*
K.S.A. 65-701 et seq.

GRAIN COMMODITIES

9. The Grain Commodities Law
K.S.A. 2-3001 et seq.

GRAIN WAREHOUSE

10. The Kansas Public Warehouse Law*
K.S.A. 34-101 et seq.

MEAT AND POULTRY

11. The Kansas Meat and Poultry Inspection Act*
K.S.A. 65-6a18 et seq.

MISCELLANEOUS

12. Labeling of Agricultural Products
K.S.A. 2-2301 et seq.

PESTICIDE

13. The Kansas Pesticide Law*
K.S.A. 2-2438a et seq.
14. The Kansas Chemigation Safety Act

K.S.A. 2-3301 et seq.

PLANT PROTECTION

15. The Apiary Inspection Act
K.S.A. 2-412 et seq.
16. Noxious Weed Law
K.S.A. 2-1314 et seq.
17. Kansas Plant Pest Act*
K.S.A. 2-2101 et seq.

STATISTICS

18. Statistical Services Law*
K.S.A. 74-504a

WATER

19. Division of Water Resources
Chief Engineer K.S.A. 74-506b
20. Obstructions and Streams
K.S.A. 82a-301 et seq.
21. Water Appropriations Act
K.S.A. 82a-701 et seq.
22. Interstate Compacts and Agreements
K.S.A. 82a-518 et seq.
23. Water Transfer Act
K.S.A. 82a-1501 et seq.

WEIGHTS AND MEASURES

24. Kansas Weights and Measures Law
K.S.A. 83-201 et seq.
25. Petroleum Product Inspection
K.S.A. 55-422 et seq.

* Statutes administered in conjunction with Federal agencies and requirements

This list does not include boards and commissions for which the legislature has assigned the Secretary or the Chief Engineer responsibilities, e.g., KTEC, State Fair Board.

Kansas Department of Agriculture

Retirements

	<u>RETIRED</u>	<u>RESTORED</u>	<u>LOST</u>
FY 1994	9 Retired	8 Restored	1 Lost
FY 1995	5 Retired	4 Restored	1 Lost
FY 1996	8 Retired	7 Restored	1 Lost
FY 1997	7 Retired	6 Restored	1 Lost
FY 1998	18 Retired	13 Restored	5 Lost
FY 1999	11 Retired	8 Restored	3 Lost
	58 Retired	46 Restored	12 Lost

FUNDING LOST		
<u>SGF</u>	<u>Fees/Fed</u>	<u>TOTAL</u>
(66,035)	(20,077) =	(86,112)
(14,031)	(7,502) =	(21,533)
(20,950)	(41,658) =	(62,608)
----	(6,374) =	(6,374)
(96,902)	(4,642) =	(101,544)
(34,527)	(1,235) =	(35,762)
(232,445)	(81,488) =	(313,933)



DEPARTMENT OF CORRECTIONS
 OFFICE OF THE SECRETARY
Landon State Office Building
 900 S.W. Jackson — Suite 400-N
 Topeka, Kansas 66612-1284
 (785) 296-3317

Bill Graves
 Governor

Charles E. Simmons
 Secretary

MEMORANDUM

To: Kansas 2000 Select Committee

From: Charles E. Simmons, Secretary *[Signature]*

Subject: SB 327

Date: March 29, 2000

I am appearing in support of SB 327, which repeals the existing requirement that state agencies eliminate one position for every four positions vacated through retirement. Under current law, most KDOC positions covered by Corrections KPERS are exempt from the FTE reductions. Of the total 3,045.5 authorized positions in the department in FY 2000, there are 2,128 exempt positions, including 1,937 corrections officers and 191 corrections counselors, unit team managers and classification administrators. Additionally, the department has made an administrative decision to exempt 128 positions in parole services (which includes parole officers and parole supervisors). The remainder of the positions—789.5 FTE—are the ones which would be impacted by the bill's provisions.

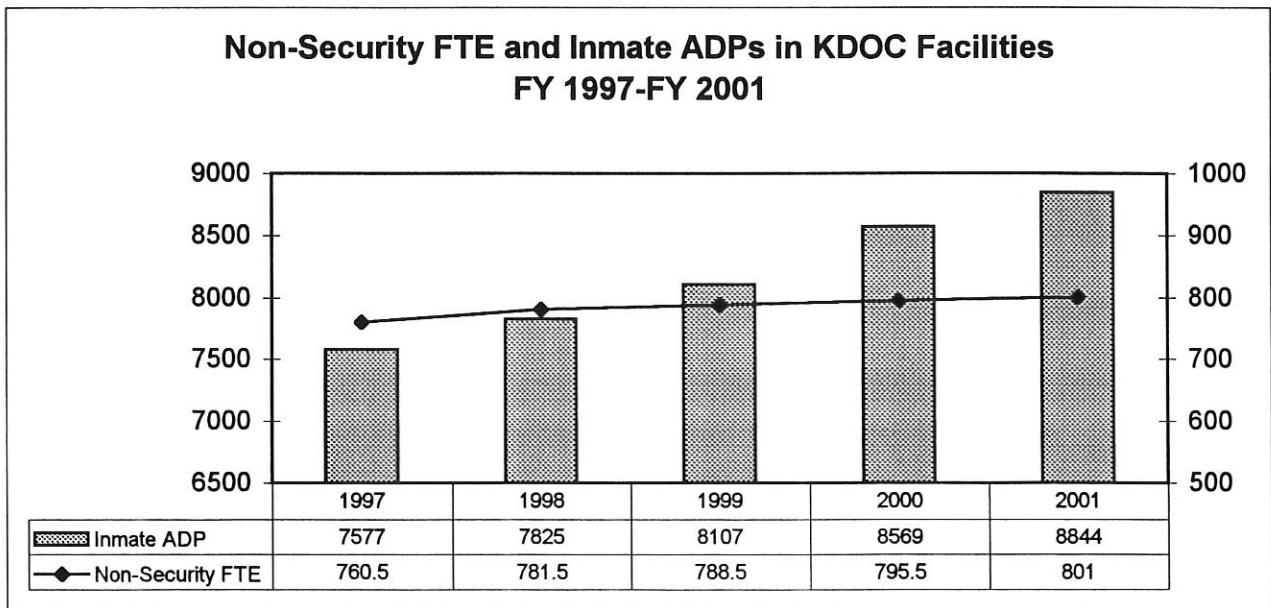
Since the forfeiture law became effective, the department has had 126 retirements in statutorily non-exempt classes. Of these, 98 positions have been restored and 28 positions have been forfeited. Forfeitures, by type of position, are summarized below:

Position Type	#
Maintenance	8
Clerical	5
Administrative	3
Food Service	3
Fiscal	3
Clergy	2
Correctional Industries	2
Medical	2
Total	28

Because the law has now been in effect for several years, we are finding that when a position is lost as a result of retirement vacancies, it is becoming increasingly more difficult to realign duties and responsibilities among the remaining positions without adversely affecting departmental operations. This difficulty has been compounded by the fact that the size of the inmate population has grown during this time period, as has the physical plant maintained by the department.

On July 1, 1993—the effective date of the position forfeiture law—the KDOC inmate population was 6,230. The March 14, 2000 inmate population was 8,732—an increase of 40% from the 1993 level. Also, since 1993 the number of buildings at KDOC facilities (including five still under construction) has increased from 410 to 444, with an increased total square footage of approximately 21%. Maintenance requirements have increased not only because of the increase in square footage, but also because inmate population increases have resulted in more intensive use (such as doublecelling) of other structures as well. Yet the forfeiture law has resulted in the loss of 8 maintenance positions.

The chart below provides information on the number of non-security staff at KDOC facilities, compared to the change in inmate population since FY 1997 (earlier years are not given because the decision to contract for food service altered the baseline FTE levels beginning in FY 1997.) The FTE and inmate ADP for fiscal years FY 2000 and FY 2001 are based on the Governor’s budget recommendations and the Kansas Sentencing Commission inmate population projections, respectively. The other years are actuals.

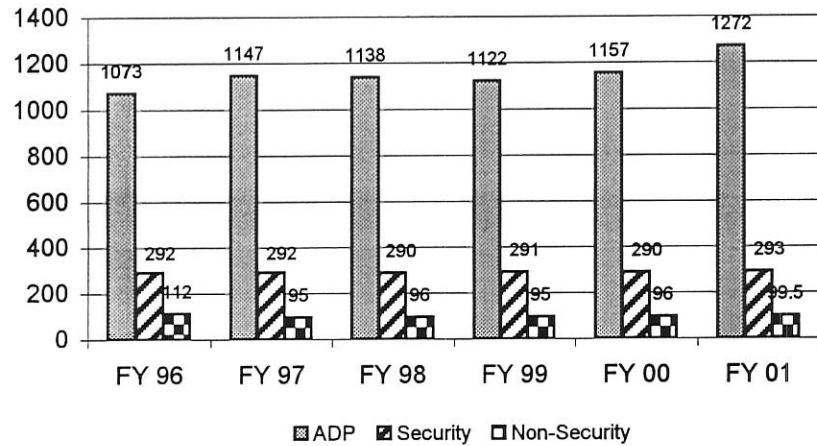


During the time period covered by the chart, the inmate ADP increases by approximately 17%, while the number of non-security positions increases by 5.3%. Charts for individual facilities are presented in the attachment.

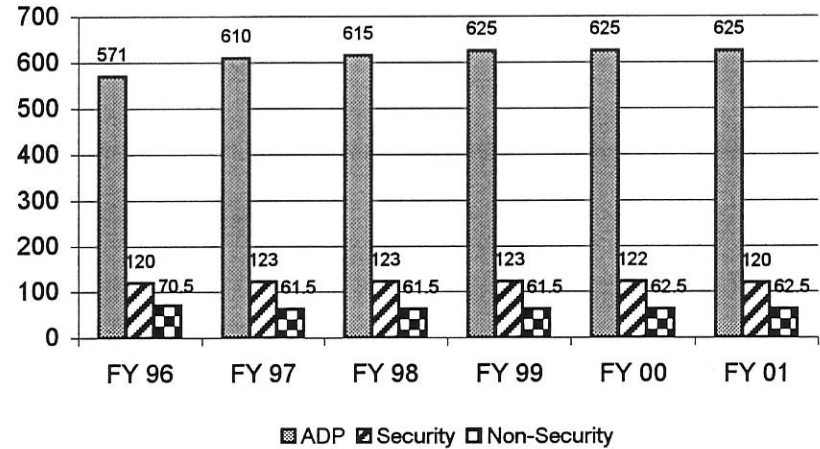
The purpose intended by KSA 75-6801 has been served and, in our opinion, the time has come for its repeal. We strongly support passage of SB 327.

**Inmate Average Daily Population and Security/Non-Security Staffing Trends
at KDOC Facilities: FY 1996-FY 2001**

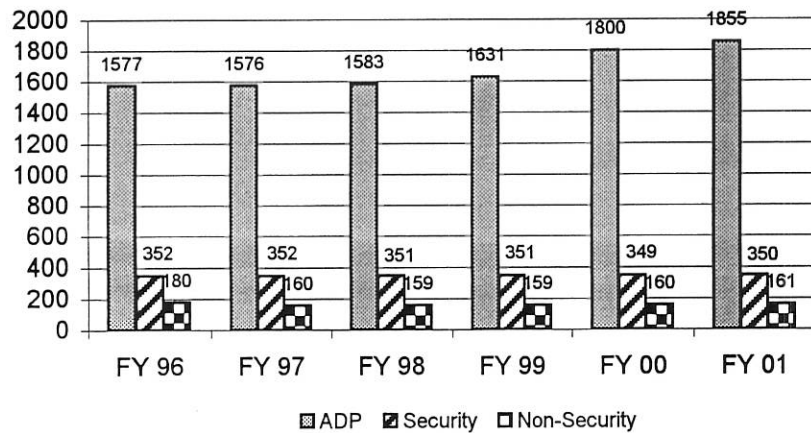
El Dorado Correctional Facility



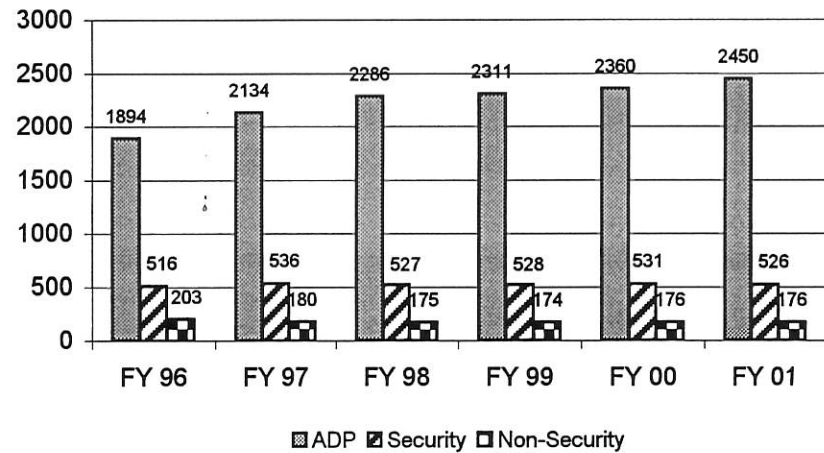
Ellsworth Correctional Facility



Hutchinson Correctional Facility

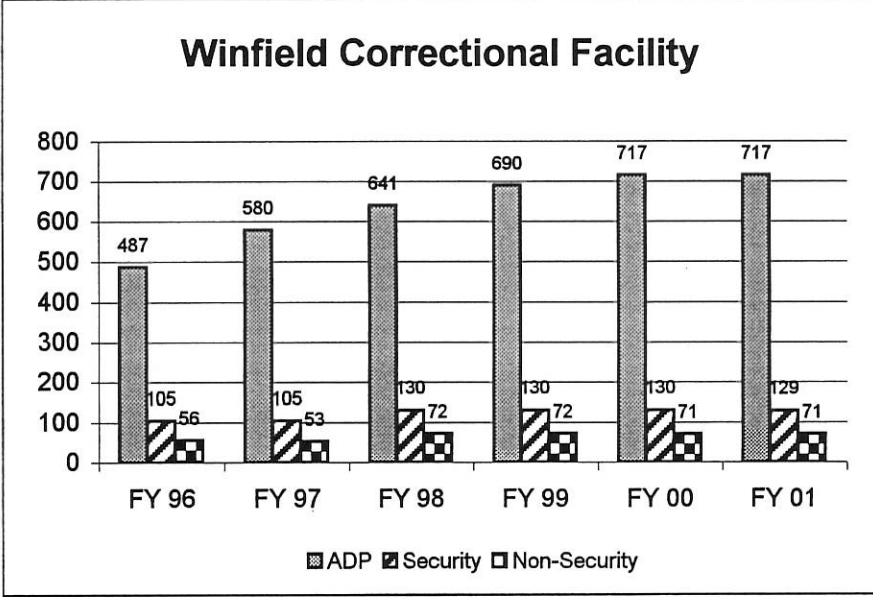
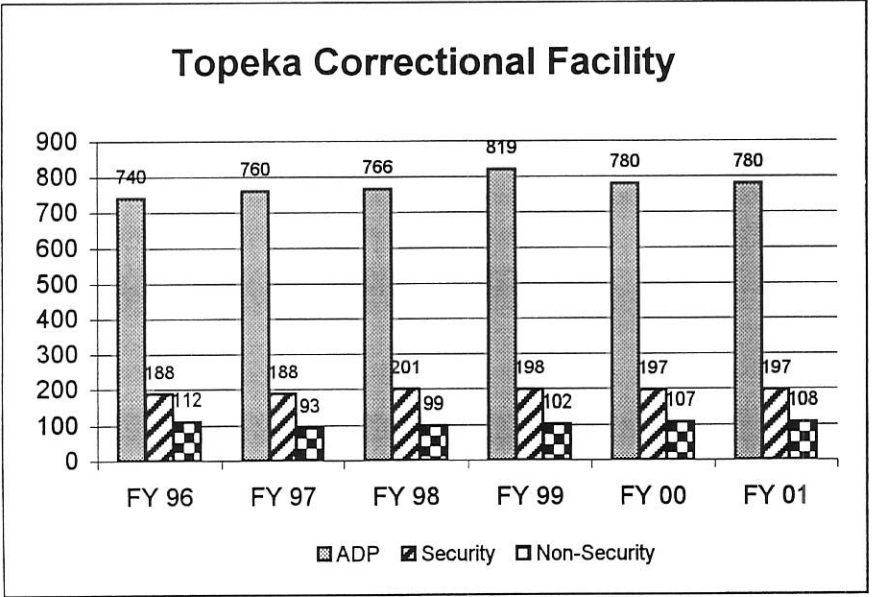
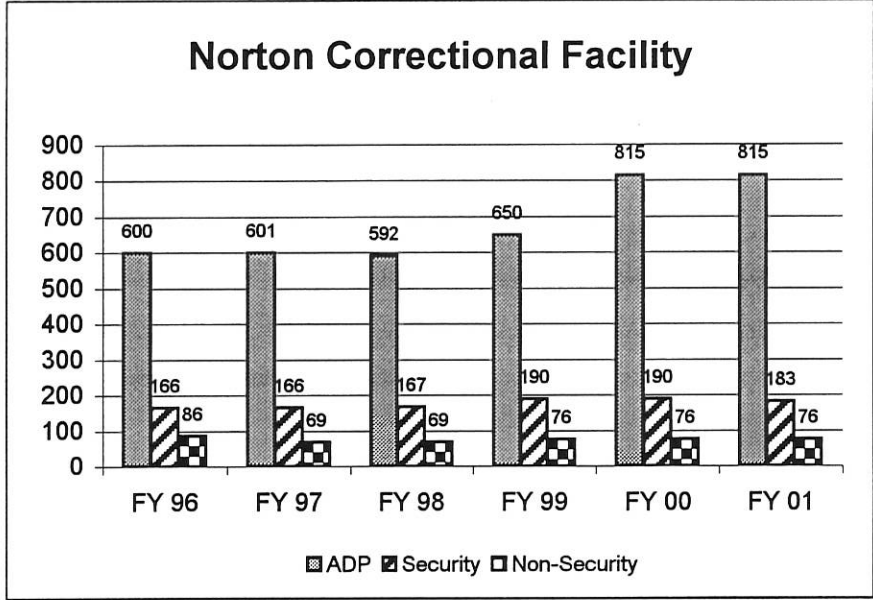
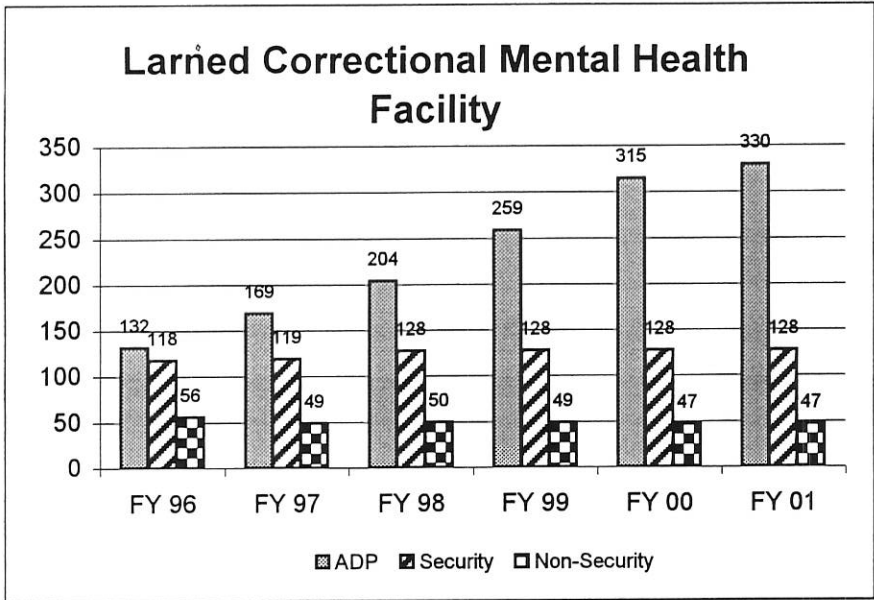


Lansing Correctional Facility



**Inmate Average Daily Population and Security/Non-Security Staffing Trends
at KDOC Facilities: FY 1996-FY 2001**

5-4



STATE EMPLOYEES ASSOCIATION OF KANSAS

TESTIMONY OF DON REZAC
SPOKESPERSON FOR THE STATE EMPLOYEES ASSOCIATION OF KANSAS
RELATING TO REDUCTIONS IN POSITIONS FOR STATE AGENCIES
BASED ON RETIREMENTS

MARCH 29, 2000

WE ARE HERE TODAY TO SPEAK IN FAVOR OF SB 327. WE FEEL THAT FILLING ONLY 3 OUT OF 4 POSITIONS RESULTING FROM RETIREMENT IS SOMETHING THAT NEEDS TO BE CHANGED. AGENCY PERSONNEL ARE STRETCHED TO MINIMUM COVERAGE. THE WORKLOAD HAS NOT DECREASED WHILE THE NUMBER OF EMPLOYEES HAS.

WE RESPECTFULLY ADD THAT BILLS SUCH AS CURRENT LAW COULD CAUSE DISCRIMINATION AGAINST OLDER EMPLOYEES. OUR MEMBERS HAVE REPORTED THAT SUPERVISORS ARE HESITANT TO PROMOTE WORKERS NEAR RETIREMENT AGE. UNDER THE CURRENT LAW, SHOULD THE PROMOTED PERSON RETIRE THERE IS A 25% CHANCE THAT THE DEPT. WOULD NOT BE ALLOWED TO REFILL THE POSITION.

WE STRONGLY URGE THE COMMITTEE TO PROCEED WITH APPROVAL OF THIS LEGISLATION.

THANK YOU.

P.O. BOX 750131
TOPEKA, KS. 66675-0131

(785) 267-1515
seak@cjnetworks.com

Kansas 2000 Select Committee
Meeting Date 3-29-00
Attachment 6